



# **Success Story**

Delaware District Office

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## **Specialty Manufacturer Develops Niche in State and International Markets**

By Jayne Armstrong

Like most entrepreneurs, Don Hollenbeck always has a lot of balls in the air. In the case of this small business owner; however, the balls represent his livelihood.

His small business, Craig Technologies, manufactures precision plastic balls ranging in size from 1/16 inches to 10 inches. Although most consumers never see Craig Technologies' products firsthand, they are critical to the proper function of many valued-added products we use every day. The balls are used in a variety of applications, including sailboats, ball point pens, musical instruments, intravenous backflow valves, and drip coffee makers. The pump and valve industry represents its largest market.

Did you ever wonder what makes aerosol cans spray or Sit and Spin toys spin in circles? The credit goes to this small manufacturer operating out of the Seaford Industrial Park.

The family-owned business was started in Philadelphia by Don's father in 1959. A pioneer in the industry, the senior Hollenbeck developed the grinding process still used by Craig Technologies today. When he retired in 1985, he passed on the business to his three sons, Don, Robert and Paul. The brothers later brought in a fourth partner, Leo O'Hara, who serves as chief financial officer.

Hollenbeck credits Delaware's friendly business climate for Craig Technologies' relocation from Philadelphia five years ago. The move helped the company reduce its workman's compensation costs and overall production expenses. The Delaware Economic Development Office (DEDO) played a major role in attracting the specialty manufacturer to Delaware. DEDO not only helped to cover the company's relocation expenses, its Workforce Development division also provided training grants to improve the company's manufacturing efficiency and to help it gain ISO certification.

"Craig Technologies has been a true asset to the Seaford business community," said Gary Smith of DEDO. "Don and his brothers have worked closely with DEDO to help grow their business."

The U.S. Small Business Administration (SBA) partnered with DEDO to provide the necessary financing to make the move a reality. With the help of a SBA 504 loan financed through Citizens Bank and the Mid-Atlantic Business Finance Corporation, Craig Technologies purchased a 25,000 square-foot building and retrofitted it to the company's specifications.

The SBA 504 loan program is particularly attractive to small manufacturers, because it allows them to reduce their cash injection to just 10 percent, much lower than the typical 20 percent preferred by banks. This enables the borrowers to invest more money into their manufacturing operations, ultimately contributing to the growth of the business.

"Without the SBA we never would have been able to afford to relocate to Delaware and construct our building," said Hollenbeck. "The 20-year, fixed-rate financing offered by the SBA's 504 loan program allowed us to expand our operations in the Seaford Industrial Park."

The Delaware Manufacturing Extension Partnership also played a role in Craig Technologies' growth by providing engineering assistance to improve productivity through production cells. The savings allowed the company to compete with lower prices, ultimately helping it to gain a larger market share.

Craig Technologies recently established a new trading partner in Japan by joining forces with a leading American steel ball manufacturer. Craig supplies the plastic ball components, while the other supplier handles the metal ball requirements. All three companies are working together on several job opportunities, including the production of valve balls for ink jet cartridges.

Craig Technologies is one of only 12 ball manufacturers worldwide. Its specialty manufacturing allows it to customize its work to many niche industries. Recent advances in plastics have opened the marketplace to even more manufacturing opportunities.

The company began exporting in 1970 when a London-based hollow ball manufacturer contracted with it to purchase a niche product. More than 34 years later, the British company remains one of Craig's top clients in Europe. Hollenbeck credits Craig Technology's policy of buying products from other distributors as a win-win situation for both companies as it builds relationships and opens more international markets.

Today, exports represent 40 percent of the business' operations. Its largest export market is the European Union, although Japan, Italy, South America, Australia, and India represent new opportunities in today's global marketplace. Craig Technologies currently has 100 international customers in 17 countries.

Craig Technologies recently invested in a state-of-the-art injection molding machine to improve its cash flow and help it to compete more efficiently in international markets. The equipment allows the company to expand its internal manufacturing operations and reduce its outsourcing. Thanks to this major capital investment the company now operates a third shift remotely from the operations manager's home overnight.

The company's relocation and subsequent growth is a great example of how federal, state and local governments, along with the private sector, can work together to leverage their resources and contribute to a small business' success.

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